

1 Pamela M. Egan, CA Bar No. 224758 (PHV)
2 Paul H. Beattie, WSBA No. 30277
3 CKR Law LLP
4 506 2nd Avenue, Suite 1400
5 Seattle, WA 98114
6 Telephone: (415) 297-0132
7 Facsimile: (206) 582-5001
8 Email: pegan@ckrlaw.com

*Attorneys for Mark D. Waldron, in his capacity
as the duly-appointed Chapter 11 Trustee herein*

7 **UNITED STATES BANKRUPTCY COURT**
8 **EASTERN DISTRICT OF WASHINGTON**

9 In re:

10 GIGA WATT, Inc., a Washington
11 corporation,

12 Debtor.

Case No. 18-03197

The Honorable Frederick P. Corbit

Chapter 11

**DECLARATION OF MARK D.
WALDRON IN SUPPORT OF
MOTION OF THE CHAPTER 11
TRUSTEE FOR ORDER (I)
EXTENDING DEADLINE TO FILE
PROOFS OF CLAIM, (II)
APPROVING PROCEDURE
RELATING TO NOTICE TO
TOKEN HOLDERS AND MINER
OWNERS, (III) APPROVING THE
FORM OF SECOND NOTICE OF
CASE COMMENCEMENT AND
NOTICE OF FIRST EXTENDED
BAR DATE, AND (IV) GRANTING
EXPEDITED CONSIDERATION**

20 I, Mark D. Waldron, declare as follows:

21 1. I submit this declaration in my capacity as the duly-appointed Chapter
22 11 trustee (the "Trustee") in the bankruptcy case of the above-captioned debtor

23 Declaration of Mark D. Waldron in Support
24 of Motion of the Chapter 11 Trustee for Order
25 (i) Extending Deadline to File Proofs of Claim, Etc. - 1

1 (the “Debtor” or “Giga Watt”) and in connection with the *Motion of the Chapter*
2 *11 Trustee for Order (i) Extending Deadline to File Proofs of Claim, (ii)*
3 *Approving Procedure Relating to Notice to Token Holders and Miner Owners,*
4 *(iii) Approving the Form of Second Notice of Case Commencement and Notice of*
5 *First Extended Bar Date, and (iv) Granting Expedited Consideration* (the
6 “Motion”).¹ The statements set forth herein are based on my investigation of the
7 Debtor’s affairs and, except where otherwise noted, is based on personal
8 knowledge. If called as a witness, I would and could competently testify hereto.

9 2. I have determined that the Debtor’s customers (referred to as Token
10 Holders and Miner Owners, as defined below), who number in the thousands,
11 have not been served with notice of the commencement of this case or of the bar
12 date that the Court originally set for February 18, 2019 (the “Original Bar Date”).

13 3. I have further determined that the Debtor does not have street
14 addresses for the Token Holders and Miner Owners. Instead, the Debtor appears
15 to have communicated with the Token Holders and Miner Owners by email. The
16 Motion requests approval of a procedure that will permit service on the Token
17 Holders and Miner Owners without have ot publicly disclose their email
18 addresses.

19 4. The Debtor provides colocation and hosting services to those who
20 mine for cryptocurrency. Some of the Debtor’s facilities may also be used as data
21

22 ¹ Capitalized terms used in this Declaration have the meanings ascribed to them in
23 the Motion.

1 centers. Giga Watt touted its access to cheap power in Washington as a major
2 selling point.

3 5. In 2017, the Debtor raised approximately \$20 million by selling
4 tokens (“WTT Tokens”) through a process known as an Initial Coin Offering (the
5 “Giga Watt Token Launch”). Each WTT Token costs \$1 and is theoretically
6 backed by one (1) watt's worth of power at the Debtor’s facilities for fifty years.
7 Essentially, Token Holders can use the Debtor’s facilities for a lower fee than was
8 available to non-Token Holders.

9 6. A party could also buy computers, known as miners, through Giga
10 Watt’s “partner” in Singapore. In what Giga Watt referred to as a “turnkey
11 solution,” the miners would be delivered directly to Giga Watt’s facilities and, for
12 a fee, Giga Watt would maintain the miners. The owners of miners, whether
13 purchased through the “partner” or otherwise, are referred to herein as “Miner
14 Owners.”

15 7. Some Token Holders entered into separate agreements with Miner
16 Owners pursuant to which the Miner Owners “rented” WTT Tokens from Token
17 Holders. This way, the Token Holder could receive income without actually
18 mining and miner owners could pay reduced fees to Giga Watt without
19 participating in the WTT Token ICO.

20 8. While some Token Holders may also be Miner Owners, not all Token
21 Holders are Miner Owners, and not all Miner Owners are Token Holders.

22
23
24 Declaration of Mark D. Waldron in Support
25 of Motion of the Chapter 11 Trustee for Order
(i) Extending Deadline to File Proofs of Claim, Etc. - 3

1 9. I have determined that Token Holders and Miner Owners are not
2 listed in the creditor matrix. As a result, they have not received notice of this case
3 or of the Original Bar Date.

4 10. During the first two months of this case, the Debtor generated
5 revenues, which are estimated to be as much as \$200,000, possibly more. These
6 revenues have not been accounted for. I am informed that the Debtor stopped
7 generating post-petition revenues in mid-January after the Grant County PUD shut
8 off the electricity. I have also received reports that funds from customers'
9 "wallets" have been taken without authorization after the Petition Date. The
10 Debtor's former management is not cooperating with me. I have instructed my
11 attorneys to obtain the necessary order to compel former management's
12 cooperation.

13 11. With the assistance of counsel, I am in active and productive
14 negotiations with the Debtor's landlords and other parties in interest regarding re-
15 opening certain of the Debtor's facilities. The Chapter 11 Trustee is also
16 consulting with parties in interest regarding the sale of the Debtor's facilities and
17 business operations as a going concern.

18 12. As the foregoing suggests, I expect to file a series of motions in the
19 near future. The Motion proposes a procedure to ensure proper notice on the
20 Token Holders and Miner Owners during the next and critical stage of this case.
21 In my judgment, reducing the objection period to seven (7) days will ensure that a
22 clear procedure will be in place that can allow the Token Holders and Miner

23 Declaration of Mark D. Waldron in Support
24 of Motion of the Chapter 11 Trustee for Order
25 (i) Extending Deadline to File Proofs of Claim, Etc. - 4

1 Owners to receive proper notice in that case that will satisfy the right of the Token
2 Holders and Miner Owners to due process and the necessity to the estate for
3 finality.

4 13. A true and correct copy of the proposed Second Notice of Case
5 Commencement and Notice of First Extended Bar Date is attached to the Motion
6 as Exhibit A. A true and correct copy of the proposed Order granting the Motion
7 is attached to the Motion as Exhibit B.

8 To the best of my knowledge, I declare under penalty of perjury that the
9 foregoing is true and correct.

10 Executed this 19th day of February 2019 in Tacoma, Washington.

11
12 /s/ Mark D. Waldron
13 Mark D. Waldron
14
15
16
17
18
19
20
21
22

23 Declaration of Mark D. Waldron in Support
24 of Motion of the Chapter 11 Trustee for Order
25 (i) Extending Deadline to File Proofs of Claim, Etc. - 5